THE HOUSEHOLD FINANCIAL CONDUCT AND ITS IMPACT ON STABILITY FINANCIAL SYSTEM

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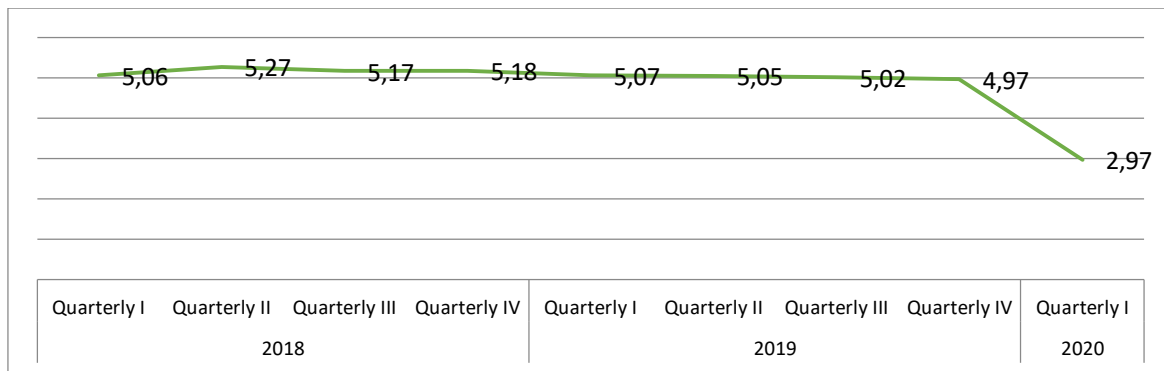*[3]nitema.gulo@raharja.info*

ABSTRACT

The importance of maintaining Financial System Stability is the basis for economic sustainability. One of the pillars of national economic resilience is the role of the household sector as a fundamental object so that supply and demand reach an equilibrium point. Household financial behavior is closely related to income levels and household credit behavior towards Financial System Stability. Therefore, the aim of this study is to determine whether there is an effect of financial behavior in the household sector on financial system stability. Data collection using purposive sampling method was carried out using a questionnaire through the help of Google Forms application to 400 households in the Tangerang area. The analytical tool used is Structural Equation Modeling (SEM) with SmartPLS 3. 0 to explain the correlation between endogenous and exogenous variables. The loading factor results indicate that the value of financial behavior is 0.285, household income is 0.232 and household credit behavior is 0.229 has a significant effect on the financial stability system. Meanwhile, the value of financial behavior is 0.599 on household income and the value of financial behavior is 0.588 on household credit behavior which has a direct effect.

Keywords: Financial Behavior, Income, Credit, Househol, System Stability Finance

1. INTRODUCTION

Economy and health are two interdependent things. Health is the main basis for a person for work productivity (Atmawikarta, 2008). A country is said to be economically prosperous if its health level is above average, exceeding other countries. The group of G7 countries that are called developed countries whose health level can be categorized as very good, should the resulting productivity (outcomes) be greater. As a result, the Covid-19 pandemic shock is not only humans who have become victims but has transmitted systemic risks that can disrupt the stability of national economic growth even at the global level, as well as create a domino effect both developed countries with the largest capital and developing countries (emerging countries).

Economic growth is directly influenced by consumption as measured by national income (Gross Domestic Product). At the beginning of the year, something unexpected about the novel coronavirus (Covid-19) occurred throughout the world, bringing total change (mega disruption), especially in the economic sector, without exception Indonesia also felt the same turmoil. All real sectors, households, corporations, MSMEs, both central and local governments and the private sector, are forced to take preventive measures in accordance with strict health protocol standards in order to reduce the number of infections that lead to mortality. There is only one goal, namely to keep the economy running even though the growth is not on target. Figure 1.Gross Domestic Product (GDP) Growth 2018-2020

5,06	5,27	5,17	5,18	5,07	5,05	5,02	4,97	2,97
Quarterly I	Quarterly II	Quarterly III	Quarterly IV	Quarterly I	Quarterly II	Quarterly III	Quarterly IV	Quarterly I
	2018				2019			2020

Source: BPS, 2020

The condition of the Indonesian economy in the first quarter of 2020 contracted in almost all sector lines. In the first quarter, all aspects and components of expenditure decreased, especially household consumption. Statistical data records household expenditure in 2019 at 5.07 percent, while in 2020 only 2.97 percent experienced a contraction of -2.41 percent (q-to-q) as shown in Figure 1. This means that almost half of the economic activity is missing from the market the household sector market. So you can imagine the derivative impacts that arise due to Covid-19 could even lead to a large-scale recession if policy making is not accompanied by a rationality approach for the integrity of the nation.

Besides that, in a very simple concept, the method of calculating per capita income is GDP divided by the total population. This means that the level of per capita income will depend on GDP growth and population growth in Radianto (2020), so that the GDP statistics mentioned above (Figure 1) can be said to only reflect a part or a small group of people, it is not surprising then that the contraction decreases.

Consumption expenditure generally consists of two things, namely, household consumption and government consumption. An interesting phenomenon is that GDP growth is still supported by household consumption of 2.84 percent, the second expenditure is followed by government consumption of 3.74 percent as shown in Figure 2. Even though the GDP data is clear, the amount obtained is still gross / gross figures. Also, the percentage value of the capital goods produced is still not calculated as a small percentage, but at the current

condition psychologically its contribution can maintain fiscal balance.

A portrait of market psychology that was eroded by the Covid-19 pandemic, forcing business actors to create a win-win solution scheme for providing remuneration, incentives and cross-subsidization strategies to employees, some even experienced termination of employment which ultimately resulted in decreased purchasing power. As a result, people are compelled to reconfigure their lives, spending habits and patterns at a speed and scale never before seen in the world. According to Silvia, ED, & Susanti, R. (2019) said that consumption and savings have a close relationship. This means that if the number of people from the middle to lower (dominant) class diverts their expenditure specifically for basic needs in order to survive, the spending plan that has been routinely carried out every year is reduced.

Figure 2.GDP Growth by Expenditure (yoy)
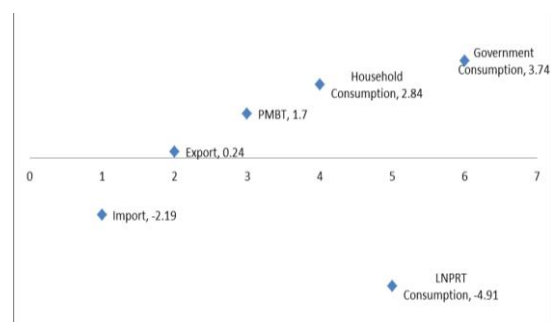
Source: BPS, 2020

As long as the Large-Scale Social Restrictions (PSBB) took place, the economic policy package issued by the government was also unable to increase purchasing power. On the one hand, the government wants to help the production sector so that products with

high liquidity can be absorbed by the market through the supply scheme while the level of demand falls, so that supply and demand becomes stagnant and cannot be equilibrium. Finally, household consumption expenditure experienced contraction in several components as illustrated in table 1. Only two components grew significantly when compared to the previous year, namely Health and Education. This is driven by an urgent need and wanting to save family members free from the plague, while access to education during quarantine was also high because it occurred in the middle of the even semester. Meanwhile, the consumption of housing and household utensils is in second place, this is also significantly increased, this is triggered by many people doing activities at home during the pandemic holidays. Thus, adding to the evidence suggested by Lee and Mori (2015) in Lee, KO, & Mori, M. (2019) that higher household consumption parallels higher demand for non-residential goods.

**Table 1**. Components of Household Consumption in the First Quarter of 2020

Component	% (YoY)	
	2020	2019
Health and Education	7.85	5.54
Housing and Household Supplies	4.47	4.39
Food and Drink	5,10	5.32
Restaurant and Hotel	2.39	5.64
Components of Clothing, Footwear, and Care Services	3.29	4.48
Transportation and Communication	1.81	5.13

Source: *www.kompas.com*, 5 May 2020

On the other hand, the household sector is the most important part for financial institutions that are correlated with one another, which at one time may experience vulnerability (vulnerability) to debt. According to Darjana, et al. (2020) said that the financial imbalance that occurs both between the domestic economy and the ROW can be indicated as vulnerability. In line with what D'Orazio, P. (2019) stated, the complexity of regulations that do not touch the micro side fairly causes income distribution and household willingness to borrow, in addition to features of the financial sector. The household debt ratio is also classified as high at 16 percent (yoy) in just a

span of six months, the amount when compared with last year's 17.8 percent as shown in Figure 3.

Figure 3. Ratio of Household Debt to GDP
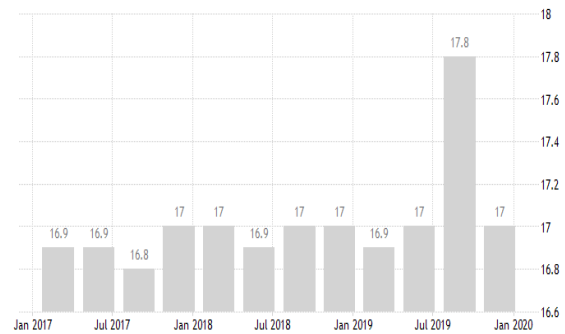
Source: en.tradingeconomics.com, 2020

In the government policy scenario that provides the widest possible access to the household sector in providing relaxation, the creditors and debtors need to rearrange the restructuring strategy plan together in facing the risk of debt congestion. Credit growth in the household sector in the first quarter was quite high. According to data from the Financial Services Authority (OJK) quoted from Kontan.co.id in May 2020, the gross non-performing loan (NPL) ratio has been 2.89 percent, increasing quite high compared to December 2019 of 2.53 percent. Therefore, it is important to maintain a balance (balancing) of liquidity and cash flow so that financial institutions are not disturbed in fulfilling short-term obligations.

Figure 4. Trend of Open Unemployment Rate (TPT) by Gender February 2018-February 2020
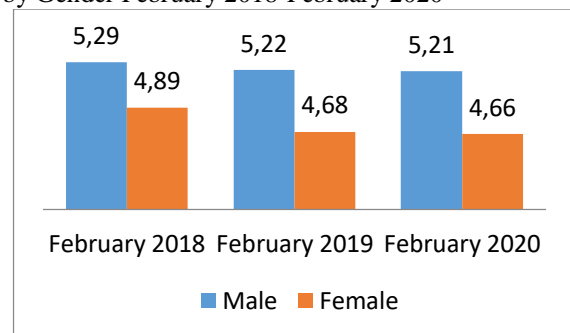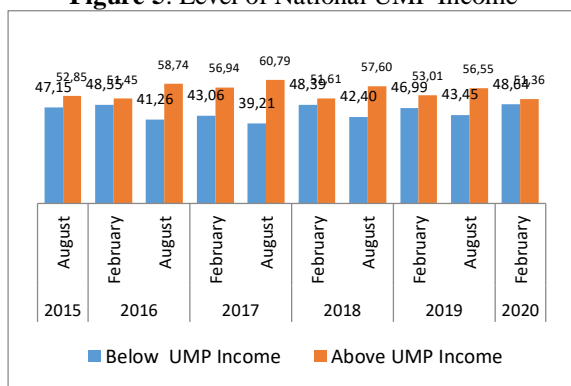

Source: BPS, 2020

The problem of high unemployment has been the main factor in the slowdown in economic growth. The latest unemployment data released as of February 2020 by the Central Statistics Agency based on total gender reached an average of five percent as

shown in Figure 4, although this figure is lower than the previous year, it is not impossible that this figure will increase until the middle of the semester. On the other hand, the low wage rate is also a factor in constraining purchasing power, with an average national wage rate of only 2.92 million per month. Another factor, for example, every year wages in Indonesia always increase but it is directly proportional to the number of workers who still earn below the provincial minimum wage (UMP) of 48.64 percent. This is a reflection of the basic law of economics, namely if a person's income is higher, the level of expenditure or allocation will be higher. As a result, the aggregation of domestic demand (purchasing power problems) does not reach its maximum point because the middle and lower class population prioritizes basic needs, while the upper class tends to be more careful in spending their money to secure family health.

The main function of financial system stability is actually channeling excess funds from lenders to Borrowers-spenders, Mishkin in Gunadi, I., Taruna, AA, & Harun, CA (2013) thus it can be said that intermediation between financial institutions and the household sector which requires funds to allocate to the productive sector so that the market can work perfectly. Therefore, in line with what Yoel, EMT (2016) said, the financial system was built to create procyclicality so that expansion grows faster when the contraction phase comes.

Figure 5. Level of National UMP Income

Source: BPS, 2020

The linkage between the main macroeconomic actors has a main aspect in the market, namely price and volume. Price

can be viewed as the ability to exchange value for goods and services. Meanwhile, volume is seen as the market's ability to comply with the law of supply and demand for macroeconomic actors, particularly the household sector. In this position, macroprudential policy is very important as an instrument to provide legal umbrella certainty. Reviving Purchase of power is the government's main task of how to manage downstream a policy fairly so that stakeholders together with the government can increase consumer purchasing power. For this reason, households automatically act as consumers and also production factor service providers to maintain balance (balancing).

By looking at the phenomena described above, where these conditions rests on very substantive matters, as a contribution to the author's thoughts that can be expressed in developing (design) this study consists of 3 (three) independent variables, namely: financial behavior, household income. and household credit behavior. While the dependent variable is only one, namely financial system stability. Therefore, the reasons for choosing the topic of household financial behavior and its impact on financial system stability are considered to have met the main elements of the problem. Based on these factual conditions, the subject matter is formulated in 5 (five) things as follows:

a. How does the household sector's financial behavior affect financial system stability?
b. How does household income affect financial system stability?
c. How does household credit behavior affect financial system stability?
d. How does financial behavior influence household income indirectly?
e. How does financial behavior influence household credit behavior indirectly?

2. LITERATURE REVIEW

One of the roles of households (household sector) is to increase economic growth. According to Rachmawati, SAB (2019) said production, consumption and exchange or distribution are the three main activities of the economy. The three of them interact together in obtaining continuous compensation (continue). Because of this

dependence, it can be concluded that production and household are the core and essential processes in advancing the economy of a nation.

According to Rahmayanti, W., Nuryani, HS, & Salam, A. (2019) financial behavior is correlated with a high responsibility for one's finances in financial management. Financial literacy affects financial behavior decisions in terms of consumption Sari, EC (2019). According to Setiawati and Nurkhin in Yunita, N. (2020) the level of financial literacy can influence a person's behavior in transactions. Financial management in a good and appropriate manner is a reflection of behavioral financial actions. Thus it can be said that positive behavior reflects the full responsibility of financial planning so as to produce success or prosperity, Lai and Tan in Pangeran, P. (2012).

According to Shefrin in Sumtoro, A., & Anastasia, N. (2015) defines behavioral finance as a psychological phenomenon that affects financial behavior. Meanwhile, according to Pryor in Sri Mendari (2015) defines financial behavior that money in its role of life as an object of behavior that reflects when money is used, saved and invested. According to Statman in Manurung, AH (2012) states that if a person has a normal way of thinking (rational) about the principles of financial behavior, then that thought can be accepted in a rational manner.

Financial stability creates hope for the continued stability of all sectors Scott III, RH, & Pressman, S. (2019). According to Scinasi in BI (2014) and Rakhmawati, I., & Suhadi, S. (2018) defines financial system stability as the ability of the financial system to allocate sources of funds to support economic activity, control risks and be able to fortify from turmoil. According to Awanti (2017) financial system stability is the ability to allocate funds efficiently, prevent economic shocks, and increase economic growth. This means that it can be said that a country that can get through from financial vulnerability can increase the resilience of the national economy. According to Vulsat (2016) in Syaputra, R., & Adry, MR (2019) states that financial system stability is characterized by the level of Non-Performing Loans (NPL) which affects the Financial System and the economy as a whole. This means that a healthy banking system must be based on the stability of the financial system, hence the impact on the country's economy.

According to Gunadi, I., Taruna, AA, & Harun, CA (2013), financial system instability can lead to the emergence of several unprofitable situations, such as:
a) Monetary policy transmission.
b) Intermediation function.
c) Public distrust of the financial system.
d) The cost of salvaging the financial system is very high.

In addition, the domino effect (contagion effect) can spread to financial system stability as a result of defaults on payment transactions globally (Trihadmini 2011) in Rusydiana, AS, Rani, LN, & Hasib, FF (2019). According to Wahyudi, ST, Nabella, RS, & Badriyah, N. (2019), in maintaining financial system stability, Bank Indonesia has implemented four strategies, namely (a) strengthening regulations and standards, (b) increasing research and surveillance, (c) increasing conditions and cooperation, and (d) establishment of safety nets and crisis resolution. According to Rahmanto, DNA, & Nasrullah, N. (2019) that the financial system must be strong and the system stable against economic obstacles so that the intermediary function, payment and risk control methods are maintained.

Financial institutions are one of the institutions that provide access to credit facilities to the public. Credit is one of the priority income points received by banks, Rahmawati, AT, Saifi, M., & Hidayat, RR (2016). According to Noor in Utami, DA (2020) Credit is one of the instruments to increase capital adequacy and profitability. However, in practice, not everything can run smoothly because many credits cover arrears Suari, DAA, & Gorda, ANSR (2020). Therefore it is necessary to make a written credit policy so that it is used as a guideline for Murdiyanto, A. (2020).

Credit analysis based on the 6C principle according to Muljono in Wijayanti (2009) and Masril, S. (2020), namely: (a) Character (Character) (b) Capacity (c) Capital (capital) (d) Collateral (guarantee) (e) Condition of economic (economic conditions)

(f) Constraint. This means that someone who becomes a creditor must fulfill these six principles and be expressed in high commitment and trust. In other words, this principle can influence someone's use of Bricker, J., et al, (2020) credit.

According to Putong, I. (2015) said that income is a compensation for providing services to others. Sources of income for the household sector are obtained from the production factors in the form of rent, wages / salaries, interest or profit according to Sukirno in Putri, AD, & Setiawina, D. (2013). The amount of income is the difference between total costs during the process and total production revenues according to Saleh in Yuroh, F., & Maesaroh, I. (2018). The concept of income distribution can be distinguished according to two economic streams. First, the Classical School (Orthodox) in which price is an antecedent in the process of equilibrium transfer of resource allocation and the conception of the free market. Second, the Structuralist School where the conversion contains fundamental changes in the economy which view economic development as a transition, Susilowati, S., Sinaga, B., Limbong, W., & Erwidodo (2016).
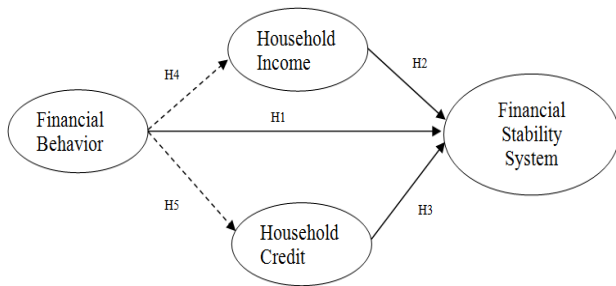

Figure 6. Research Framework

3. Research Method

This study uses explanatory research to test hypotheses in order to strengthen the research results. According to Sugiyono in Dewianawati, D. (2020), Explanatory Research is a quantitative approach that explains causal relationships. According to Wirawan, IM (2016) explained that quantitative research is research that requires many numbers.

The sampling mechanism used was purposive sampling, in which the specificity of the target population items were adjusted to the objectives or research problem. In this study, defined as the population is households that have married families in the Banten Province. Therefore, the population of the household sector is very wide, so the judgment of the sample determined in this study is considered to be represented by purposive sampling.

The data collection carried out by this research is a survey research using a questionnaire as a primary data collection tool, Sekaran (2006) in Silvy, M., & Yulianti, N. (2013) through the help of the google forms application. The main reason for choosing this application is because it really helps researchers to save costs and time efficiently. Meanwhile, secondary data collection was taken from various literature review studies and accessed from online reference sources..

4. Result And Discussion

Data Analysis In This Study Uses Sem (Structural Equation Modeling) Analysis To Test The Validity And Reliability Of Each Variable, Then Analyzes The Relationship Between Variables Using Smartpls 3.0 To Answer Hypotheses And Displays Interpretation Results Which Will Later Be Used As A Basis For Drawing Conclusions And Providing Suggestions That Are Proposed To Them. Stakeholders In Making Macroprudential Policies.

a. Validity and Reliability Test

Table 2. Validity Test

Fornell-Larcker Criterion

	KRT	PK	PRT	SSK
KRT	0.906			
PK	0.588	0.872		
PRT	0.626	0.599	0.881	
SSK	0.541	0.558	0.545	1,000

Source: Primary data processed, 2020

Table 2 as a whole shows that the indicators in the variables have a significant discriminant validity value above 0.5 to 0.7, thus all variables in this study have a fairly good level of validity and can use further analysis. According toGhozali, I., & Latan, H. (2015) said that if the significance value is above 0.5 then the construct variable is declared valid.

Table 3. Reliability Test

Construct Reliability and Validity

|	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
KRT	0891	0.893	0.932	0.821
PK	0.920	0.928	0.941	0.761
PRT	0.942	0.945	0.954	0.776
SSK	1,000	1,000	1,000	1,000

Source: Primary data processed, 2020

Table 3 shows that the overall Cronbach's Alpha value is greater than 0.7, meaning that all indicators in the variable have high reliability. Then proceed with Composite Reliability where the indicator value in the overall variable is greater than 0.7, meaning that each variable reliability test in a construct shows a satisfactory value. While the Average Variance Extracted (AVE) value is greater than 0.5, which means that each of these measurements can be used to measure the reliability of the latent variable component score where the results are more conservative than Composite Reliability, thus discriminant validity in all variables is good (Gozhali 2015) in Riyanto & Hatmawan (2020).

b. Structural Model Evaluation and Analysis

Model evaluation is the relationship between constructs and its indicators. This evaluation goes through three stages, namely evaluation of Convergent Validity, evaluation of R Square and evaluation of Path Coefficients (path coefficients). Then proceed with the analysis of test results both directly and indirectly.
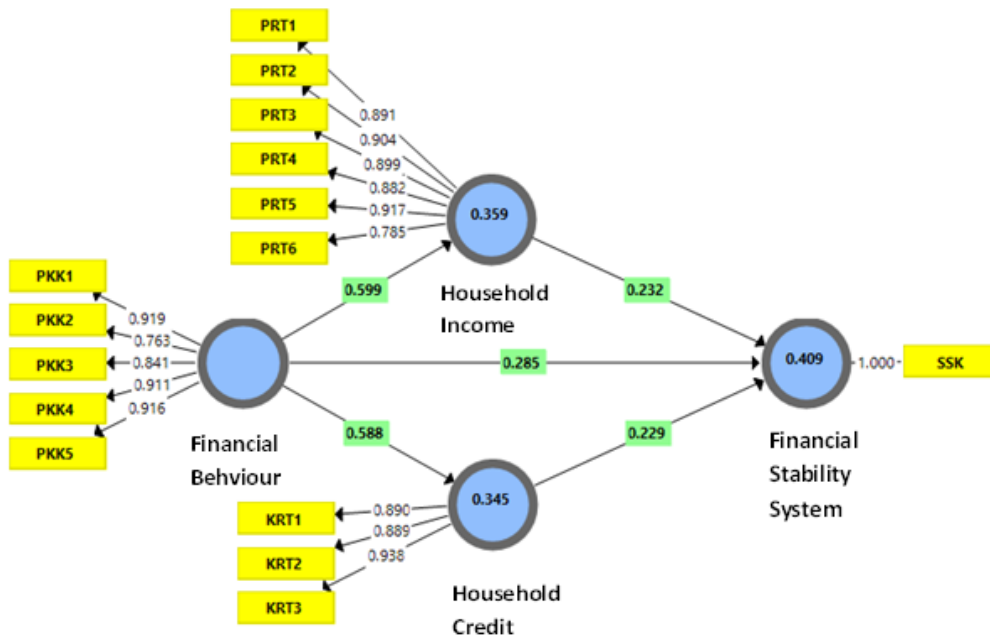
Figure 7. Outer Model

Figure 7 shows Convergent Validity, where all outer loading values between latent variables and indicators are greater than 0.7, meaning that they have absolute correlation with the value of each indicator that meets the

validity requirements and is suitable for use as further research and analysis.

Then the value of R Square in the endogenous construct has a determination value, namely household income of 0.359, meaning that

there are 35.9 percent of factors that can affect the exogenous variables, the rest are not mentioned in this study, while household credit behavior is 0.345, which means there are 34.5% percent of factors that can affect the remaining exogenous variables are not mentioned in this study, and the last is Financial System Stability of 0.409, meaning that there are as many as 40.9 percent of factors that can affect the remaining exogenous variables not mentioned in this study. Thus, it can be concluded that the

weight of the R Square value substantively the latent variable has a level of influence on the moderate level of determination (Ghozali (2015).

Then in Figure 6 above, the Path Coefficients (path coefficients) show that the positive value relationship is in the range -1 to 1, each PKPRT is 0.599, PKKRT is 0.588, PKSSK is 0.285, PRTSSK is 0.232, KRTSSK is 0.229. Thus it can be said that all the hypotheses in this study have a positive effect.

Table 4. Testing of Direct and Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (| O / STDEV |)	P Values
KRT -> SSK	0.240	0.241	0.080	3,001	0.003*
PK -> KRT	0.572	0.572	0.042	13,763	0.000*
PK -> PRT	0.597	0.598	0.044	13,641	0.000*
PK -> SSK	0.272	0.275	0.075	3,616	0.000*
PRT -> SSK	0.233	0.229	0.085	2,756	0.006*
PK->KRT -> SSK	0.137	0.138	0.046	2,971	0.003**
PK-> PRT -> SSK	0.139	0.136	0.050	2,792	0.005**

Source: Primary data processed (2020)

Table 4 shows that the T-Statistics value of each variable is higher than the P-Values. That is, the effect of the independent variable (independent) and the dependent variable is significant directly. Meanwhile, the variables of the two hypotheses formed indirectly also have a significant effect, where the value of each T-statistic is greater than the P-Values. There are two influence relationships that have the greatest value, namely the relationship between PK and household heads of 13.763 and PK to domestic workers at 13.641. This is because if there is a high level of consumer household credit, the ability to fulfill its obligations will be low. Meanwhile, low household income also affects purchasing power, which has implications for financial system stability.

The explanation of the financial system stability hypothesis from the results of theoretical studies and research in Table 4 shows that there is an influence formed from

each variable in financial behavior attitudes, household credit and household income.
H1:The relationship between the household sector's financial behavior (PK) on financial system stability (SSK).
Households are generally the object of financial literacy. Good financial behavior is supported by knowledge of how to manage income. The household income cycle is not always certain. Basically, households are trying to increase their consumption throughout their lifetime. However, households do not know their exact income over their life cycle, so they must make certain assumptions Vanlaer, W., Bielen, S. & Marneffe, W. (2019). Based on the description and results of this study, financial behavior has a significant effect on financial system stability.
H2: The relationship between household income (PRT) on financial system stability (SSK).

As explained in the literature review, the level of household income is one of the supporting factors for the economy so that it can contribute to maintaining the vulnerability of financial system stability. When viewed from the construction of household income based on the principles: character, ability, capital, guarantees, economic conditions and constraints Muljono in Wijayanti (2009) and Masril, S. (2020,) it is difficult for households to meet their overall needs. So that the pressure of this principle does not spread widely, a strong foundation from financial institutions is needed if the shock of a pandemic occurs simultaneously. Therefore, if the level of household income is unable to allocate (expenditure) finances above primary needs, it will have a negative impact on financial stability.

H3: The relationship between household credit behavior (KRT) on financial system stability (SSK).

According to Bowles (1985, 2004) in Yun K. Kim, Gilberto Tadeu Lima & Mark Setterfield (2018) says that income distribution is affected by debt (indebtedness). It is further said that work wages are understood as the excess of income over what they will get today. According to Elizabeth Karlan and Zinman (2011) in Schroeder (2020), it is concluded that the decline in household consumption was due to repayment of initial loans. According to O'Toole, C., & Slaymaker, R. (2020), the effect of payment capacity during a crisis can cause negative equity and liquidity. Based on the description and results of this study, household credit behavior has a significant effect on financial system stability.

H4: There is an indirect relationship between financial behavior (PK) and household income (PRT).

According to Sari, IW, Susyanti, J., & Salim, MA (2020), said that there is a partial relationship between financial behavior and income. Meanwhile, according to Alexander, R., & Pamungkas, AS (2019), there is no substantial correlation between income and financial behavior. That is, the level of income does not always rely on financial behavior. There may be other factors that could indirectly influence it. Based on the

description and results of this study, financial behavior has a significant effect on household income.

H5: There is an indirect relationship between financial behavior (PK) and household credit behavior (KRT).

Having knowledge about good financial behavior will also have a significant effect on credit literacy as stated by Susanti, A. and Ardyan, E., 2018. The household sector in relation to financial institutions must be accompanied by the ability to fulfill its obligations according to Rohrke & Robinson (2000) in Yushita, AN, 2017. Therefore, having good financial instrument literacy will indirectly affect behavior household credit in managing their finances and being able to meet their obligations. Based on the elaboration and results of this study, financial behavior has a significant effect on household credit behavior.

5. Conclusion

Based on the results of data analysis in table 5, at the end, the writer gives the following conclusions:

a. Household financial behavior on financial system stability has an influence coefficient of 0.285 greater than the p-value. Then the T-statistic value is 3,616> 1.96 while the original sample value is positive which is equal to 0.272. This means that the H1 hypothesis proposed in this study "The relationship between household sector financial behavior (PK) and financial system stability (SSK)" is accepted.

b. Household income on financial system stability has an influence coefficient of 0.232 greater than the p-value. Then the T-statistic value is 2.756> 1.96 while the original sample value is positive which is equal to 0.233. This means that the H2 hypothesis proposed in this study "The relationship between household income (PRT) to financial system stability (SSK)" is accepted.

c. Household credit behavior on financial system stability has an influence coefficient of 0.229 greater than the p-value. Then the T-statistic value is

3.001> 1.96 while the original sample value is positive, namely 0.240. This means that the H3 hypothesis proposed in this study "The relationship between household credit behavior (KRT) to financial system stability (SSK)" is accepted.

d. Household financial behavior towards household income has an influence coefficient of 0.599 greater than the p-value. Then the T-statistic value is 2.792> 1.96 while the original sample value is positive which is equal to 0.139. This means that the H4 hypothesis proposed in this study "The indirect relationship between financial behavior (PK) and household income (PRT)" is accepted.

e. Household financial behavior towards household credit behavior has an influence coefficient of 0.588 greater than the p-value. Then the T-statistic value is 2,971> 1.96 while the original sample value is positive which is equal to 0.137 This means that the H5 hypothesis proposed in this study "The indirect relationship between financial behavior (PK) and household credit behavior (KRT)" is accepted.

SUGGESTIONS

1. Doing top-down Regulations and making large-scale national interests in a sustainable economic policy package scheme to deal with pandemics. Encouraging the creation of regulations of sharing economic collaboration activities between marketplaces (ecommerce) with household industry or home-made industry (home-based businesses), UMKM, and other businesses towards society 5.0 which has implications on increasing tracking tax receipts. Thus, by accelerating the digital economy transformation, the process of entrepreneurship activities that are home-based businesses (HBBs) will easily reach the wider community.

2. The best alternative is to allocate debt to the productive sector instead of on consumption subsidies is, in line with

Deaton's, U.S. thinking. (2011) The Nobel achiever in economics says that the important side of total consumption is total savings, and the evolution of savings over time in a country is important for capital formation and its business cycle. To linearity demand (demand function) with the increase of the production sector, conduct policy reconstruction both microprudential and macroprudential so that households are involved in the cycle.

3. Strengthening the financial system stability strategy with three phases: short-term is capital strength for the household economy to spin; medium-term is food security and modernization so that the lower middle class can process vegetable and animal products to be economically valuable; and long term is the strengthening of strategic regulatory instruments, especially small and medium microfinance financing especially for households who work in the formal and non-formal sectors as well as the lower middle class, excluding State-Owned Enterprises (BUMN) employees and civil servants)

4. This research is only limited to household financial behavior and the data collection is not maximal. It is hoped that the proposal for further research is not limited to household financial behavior, but can elaborate macro and micro variables into a research model or combination and increase the duration of the study to obtain optimal results.

LIMITATION

This research is only limited to household financial behavior and the data collection is not maximal. It is hoped that the proposal for further research is not limited to household financial behavior, but can elaborate macro and micro variables into a research model or combination and increase the duration of the study to obtain optimal results.

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